

EXECUTIVE DIRECTOR'S MONTHLY REPORT

JULY 2005

Each month I establish, with input from the Directors, the priority issues on which management and the staff focus. This report summarizes the work that was accomplished during the month as well as other items I feel will give the Council a better understanding of what the staff and I are doing to accomplish our performance objectives.

I. Improve the efficiency and accountability of management within the organization

- SCAG received approval of our Indirect Cost Allocation Plan (ICAP) at the end of May. The approval letter stated that "...SCAG has implemented, maintained, and continues to improve its internal controls and accounting system. Due to the improvements noted...we recommend that SCAG no longer be designated a high risk recipient..." This is one of two steps that will remove us from high risk. The second is settlement of the HDR issue. We are working with Caltrans on finalizing an agreement for payback of those funds and hope to have that finalized shortly.
- On June 14th the Directors and I held a half-day staff retreat to discuss how we can improve our management processes and our own teamwork and communications. We had an outside facilitator to assist us.
- At the end of June we have implemented some reassignment of responsibilities within the organization. These include consolidating our financial planning within Finance and re-establishing a new department with a Director for Intergovernmental Relations.

II. Provide support to the Regional Council in providing direction and Leadership to SCAG

- On June 5th I participated in the "Conversation on Regional Equity" (CORE) meeting held at SCAG. I participated in the Regional Economic and Market Trends session, and gave a power point presentation on "LA and the Macro-Politan Future". The effort was sponsored by the Ford Foundation and included the environmental justice and universities throughout the region.
- On June 7th-9th I participated in the California Consensus Reauthorization trip to Washington, DC. The statewide consensus reinforced the regions priorities, particularly goods movement.
- On June 16th I met with Will Kempton and John Barna on the Administration's next steps to implement the Statewide Goods Movement Program; next steps for the State and the regions in the Federal Reauthorization.
- On June 20th I was the Luncheon Speaker for the Orange County Chapter of the Lambda Alpha International at the Pacific Club in Newport Beach. I spoke on and gave a powerpoint presentation on the Compass Plan and Mixed Use Housing Development. Representatives from the Orange County Business Council asked that I make the same presentation to their Board.

- The June 1st Regional Council Retreat included a workshop to highlight the main challenges facing the SCAG region. Dr. John Husing moderated a panel of experts that touched on the economy, growth, transportation finance, and environmental concerns. Mr. Steve Levy of the Center for Continuing Study of the California Economy began with a discussion of the forces shaping the future economic well-being of the SCAG region. He was followed by Professor Andrea Hricko of USC, who highlighted the important community and environmental impacts of goods movement activity at the ports. Next, Mr. John Fregonese of Fregonese Calthorpe & Associates gave a summary of the Compass 2% Strategy for implementing the RTP growth vision. Finally, Professor Brian Taylor of UCLA discussed the crisis in transportation finance and the possibilities of user fees and electronic tolling.

On June 2nd, a second workshop was held with Sarah Catz facilitating a discussion with the Regional Council regarding the issues presented by the speakers on June 1st. Significant discussion followed that focused on Compass, Communication, Financing, etc. These discussions will be the focal point of further workshops and priority planning for the FY 06/07 work plan.

III. SCAG Operations

- June 30th is the end of Fiscal Year (FY) 2004/2005. We are currently working on processing all invoices for payment for FY 2005 so that our books can be closed timely and we can begin preparing our financial statements.
- The FY2005/2006 OWP has been approved by Caltrans and FHWA effective July 1, 2005.

IV. Implement Adopted Regional Plans

- Maglev. The Initial Operating Segment Memorandum of Understanding for local match funding between SANBAG, City of Ontario, City of Los Angeles and SCAG has been fully executed by all parties.

The Lockheed Martin contract for Phase II (Preliminary Engineering) of the Maglev Deployment Program IOS has been signed by all parties. Work is expected to begin in July 2005.

The Alternatives Analysis along the IOS corridor is expected to begin in July and completed during Fiscal Year 2005/2006.

- COMPASS. SCAG was a sponsor at the 13th Congress for the New Urbanism, held in Pasadena from June 9-12. A breakout session on Saturday focused on the COMPASS plan and the 2% Strategy. Both John Fregonese and Peter Calthorpe of the consultant team were on the panel. Audience members, and especially local attendees, expressed enthusiasm for its detail and vision and were likewise interested in implementation and ways they could get involved.

Three training workshops were held for local government staff, design professionals, students, and community leaders to familiarize them with the tools they can use to help implement the Compass 2% Strategy in their communities. We had nearly 100 participants combined at the sessions held on June 3rd at UCLA, June 15th at Cal Poly Pomona, and June 16th at UC Irvine.

Our Compass staff worked with the City of Lake Elsinore and their consultant team on a visioning session for that city on Saturday, June 18th. Using the Compass chip set and visioning methods, participants

were introduced to thinking about their community in a regional context. The results will be used to highlight community issues, concerns and opportunities as they update their general plan.

- Regional Economic Analysis. SCAG hosted the first meeting of the new state Working Group on Industrial Clusters of Opportunity and the Manufacturing Value Chain. The group is made up of members appointed by both the governor and the state legislature. It is part of the California Economic Strategy Panel, which is chaired by Victoria Bradshaw, Secretary of the California Labor and Workforce Development Agency. Staff participated with the Working Group. Much of the discussion centered on goods movement and related infrastructure challenges, both crucial issues for SCAG.
- Housing. The State budget conference committee unanimously adopted a new RHNA proposal, which deletes the \$1 million General Fund appropriation for grants to COGs in the Senate version and “Trailer Bill” language that established a contingency plan. The committee adopted substitute language to re-direct \$1 million from Caltrans’ federal regional blueprint planning for the purpose of conducting Regional Housing Needs Assessments and incorporating them into transportation planning.

A new AG Opinion determined that “federal and state housing funds constitute part of a community’s resources for purposes of setting quantified objectives,” and that local planning goals for affordable housing need not be identical to total housing needs, including a locality’s share of RHNA needs. The decision is significant in that it helps clarify an issue that has long concerned many local officials.

State HCD has contacted SCAG about finalizing a schedule and technical assumptions related to the 12/10/04 request by SCAG to coordinate the next RHNA – due June 30, 2007 – with RTP growth forecast. The planning period would be six years instead of five years, and local-housing elements would be due June 30, 2008.

In coordination with ABAG, SCAG has filed a writ of mandate to overturn the recent decision by the Commission on State Mandates which found that COGs are not entitled to reimbursement of RHNA costs on the basis that COG’s are not eligible claimants under the Commission’s interpretation of the definition of claimant and secondarily because the COGS have purported authority to impose a fee to offset its costs.

- RTP Growth Forecast Survey Update. The Growth Forecast Survey letter was sent to the 14 subregional coordinators in March 2005 and staff has received 11 responses. There is a wide range of land use information contained in the responses: General Plan Zoning changes, major development and transit oriented sites, and comments on 2% strategies. Staff is currently evaluating each comment to quantify the land use information for incorporation into our growth forecast.

V. Develop Additional Planning Efforts

- Air Quality and Transportation Conformity. Staff was active in several meetings throughout the month coordinating with regional, state, and federal air agencies and other partners in the development of the Transportation Control Strategies for the 2007 Air Quality Management Plans (AQMPs), including port-related mitigation strategies. Staff also participated in two meetings of the Port of Los Angeles No Net Increase/Air Quality Task Force (NNI). The NNI process has developed 68 emissions reduction strategies, which can be considered for the 2007 AQMP, to help reduce diesel emissions associated with

the growth of goods movement. In addition, staff participated in two national air quality meetings, the June 21st meeting of the Transportation Research Board (TRB) committee on Transportation and Air Quality in Minneapolis and the June 27-28 meeting of the Federal Highways Administration (FHWA) Air Quality Work Group in Washington DC. This group discussed potential implications from the Transportation Reauthorization bill and identified effective control strategies to reduce fine particle emissions, which Southern California can consider to help us attain the new federal PM_{2.5} standard.

- Water Issues. The Water Policy Task Force met with very good attendance to continue a review of future growth and water supplies in outlying areas of the region, San Geronio Pass watershed and Santa Clarita Valley. The Task Force is recommending SCAG support for ACA 13, a measure that exempts stormwater management and flood protection programs from Proposition 218. Other issues included a review of the new draft California Water Plan, the connection between atmospheric deposition and stormwater pollution, and the Malibu Creek ecosystem restoration planning work.
- Regional Comprehensive Plan. Staff is completing preliminary draft chapters for the Regional Comprehensive Plan. These chapters will be available for public review and comment early in the coming fiscal year. To date, the RCP effort has focused on compiling regional policies and in formulating action plans for implementation. During the next year, the existing preliminary drafts will be reviewed and refined, and the RCP Task Force will focus on creating measurable plan outcomes across the full range of topics. The addition of plan outcomes allows SCAG an opportunity to enhance the effectiveness of the plan, in conjunction with the current CEQA reform discussions.
- Goods Movement. A document outlining approximately \$3.75 billion in priority regional goods movement projects (highway and rail), along with action steps to develop implementation methods, was completed with regional consensus and provided to the Secretary of Business, Transportation & Housing. Staff is now working to quantify the value of these projects in terms of speed and travel time reliability, the top two values which the private sector expressed at the second Goods Movement Executive Stakeholder Roundtable meeting held May 10th at SCAG. Staff is also working to develop concepts for potential institutional arrangements that could be used to implement freight-related projects in the region.
- CEQA Improvement Advisory Group. I and SCAG staff have continued the dialogue with the California Resources Agency in Sacramento to reform CEQA and streamline some of the project-level environmental analysis. This initiative should create incentives for implementation of SCAG's COMPASS effort, as recommended by the Regional Council.

VI. Data

- Data and Monitoring Division Staff Strategic Planning Retreat. In order to provide more effective support to achieve the agency's mission, the Data and Monitoring Division Staff initiated a strategic planning retreat. The retreat, consisted of two half-day facilitated sessions, developed a draft vision and mission for the Division. It articulated the key functions and activities needed for the division. In addition, the retreat identified current gaps and challenges to move toward the Division's desired future. Staff is currently in the process of developing implementation plans to address critical gaps in skills and staff resources.

- Forecasting. Developed a preliminary regional employment projection for the 2007 RTP and completed county-level employment projection model for the SCAG region. Began 2007 development of the refined 2003 data set reflecting the 2007 RTP Growth Forecast Survey results. Created housing permit database at local jurisdiction level. The data includes monthly information for single and multiple units, from January 1996 – February 2005. Delivered new 2000 school enrollment estimates for five different school types, by location, and the revised 2000 estimates of households by the number of workers (0, 1, 2, 3+) to modeling staff. Also delivered two TAZ level socioeconomic data sets with 2030 plan/growth vision assumptions reflecting different levels of land use intensification in four TAZs of the City of Ontario.

Analyzed and presented recent trends in population and households: implications for 2007 RTP Growth Forecast to P&P TAC and subregional coordinator's group meeting.

VII. Legislative Program

- Sacramento Legislative Day. On June 22nd, Government Affairs staff and I joined President Toni Young, CEHD Chair Deborah Robertson, and TCC Chair Lee Ann Garcia on the agency's annual legislative advocacy visit to Sacramento. With our Sacramento representatives Paul Bauer, Josh Shaw, and Rina Venturini, we delivered SCAG's message to the following legislators and staff at an organized lunch or in private meetings:
 - Senator Dick Ackerman
 - Senator Richard Alarcon
 - Senator Debra Bowen, Elections, Reapportionment & Constitutional Amendments Chair
 - Senator Bob Dutton, Government Modernization, Efficiency & Accountability Vice Chair; Revenue & Taxation Vice Chair
 - Senator Tom McClintock, Transportation & Housing Vice Chair
 - Senator Bill Morrow, Veterans Affairs chair; Judiciary Vice Chair
 - Assemblymember Karen Bass
 - Assemblymember Joe Baca, Jr.
 - Assemblymember John Benoit, Insurance Vice Chair
 - Assemblymember Ronald Calderon, Banking & Finance Chair
 - Assemblymember Judy Chu, Appropriations Committee Chair
 - Assemblymember Lynn Daucher, Aging & Long Term Care Vice Chair
 - Assemblymember Bob Huff, Transportation Vice Chair
 - Assemblymember Betty Karnette
 - Assemblymember Dennis Mountjoy
 - Assemblymember Pedro Nava
 - Assemblymember Van Tran, Environmental Safety & Toxic Materials Vice Chair
 - Staff, Senator Don Perata
 - Staff, Assemblymember Fabian Nuñez
 - Staff, Assemblymember Jerome Horton

The importance of Proposition 42 funding, infrastructure investment for goods movement, the Governor's GoCalifornia package, CEQA and housing reform, and conversion technologies formed the core of SCAG's well-received message. It was a productive visit, many insightful discussions were conducted, and we again raised the profile of SCAG in the Legislature.

- State Budget. Negotiations continue in Sacramento as Governor Schwarzenegger and the Legislature try to reach an agreement over a \$1 billion-difference in their budget totals. We learned during the legislative day visit that many lawmakers expect a resolution to the budget by the end of June, followed by the continuation of several key policy debates in a "post-budget environment." We were also pleased to learn that the \$1.3 billion in fully Proposition 42 funding appears to have broad bipartisan support. I will update the Regional Council on any budget developments in July.
- TEA-21 Reauthorization. With the expiration of the current extension expiring on June 30th, House and Senate conferees and leadership are attempting to resolve key differences on the funding level, the minimum guarantee scope, and the division between the House and the Senate of earmarks.

The White House continues to insist on a total of no more than \$264.9 billion. However, many sources suggest the final figure will be \$286.5 billion. The minimum guarantee may be settled at 90.2%, consistent with the scope in TEA-21. The House and Senate have equally split earmarks for allocated programs such as the Projects of National and Regional Significance.

The question of an additional extension will be resolved by June 28th, and a shorter 15-day extension is possible. In the meantime, Government Affairs, our Washington representatives, and the national organizations like NARC and the Coalition for America's Gateway and Trade Corridors continue to drive home SCAG's objection to a reduction of funds in the five core programs and our desire to preserve CMAQ funds for areas with the worst air pollution. We also emphasize Southern California's need for innovative financing tools to promote the investment in transportation infrastructure improvements. I will update the Regional Council on TEA-21 developments.